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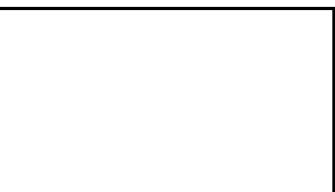
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FAR EAST

1. Indian Ambassador comments on Communist China's intentions:

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Indian Ambassador Panikkar when passing through Hong Kong en route to Peiping remarked that a Korean truce will probably be achieved in spite of Chinese "suspicions." He also stated that Burma is in no danger

from Chinese Communist attack as Chou En-lai has "given assurance" that Burma is "in the Indian sphere."

Comment: The Indian Ambassador has been absent from Peiping for three months. His views have always appeared to be influenced by his sympathies for the Peiping regime.

In 1950 Chou En-lai assured Panikkar that the Chinese Communists did not intend to undertake a military operation against Tibet.

2. Seriously increased corruption in Thailand reported:

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The American Embassy in Bangkok reports that organized corruption has recently become an outstanding characteristic of the Thai Government. The rice trade, which

is the cornerstone of the Thai economy, apparently has been the most seriously affected, although there is evidence that buyers of other important products are also being subjected to organized "squeeze" by politicians.

The Embassy warns that if blatant corruption is not checked there will be "serious and deep repercussions throughout the entire politico-socio-economic structure of the country" in the near future.

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Comment: While corruption has long been recognized as a serious weakness of the Thai Government, the problem has been greatly aggravated by the accession to power in November of a military clique. This group, which exercises almost absolute authority, has apparently been systematically apportioning among its members various economic and financial fields for unrestricted personal exploitation.

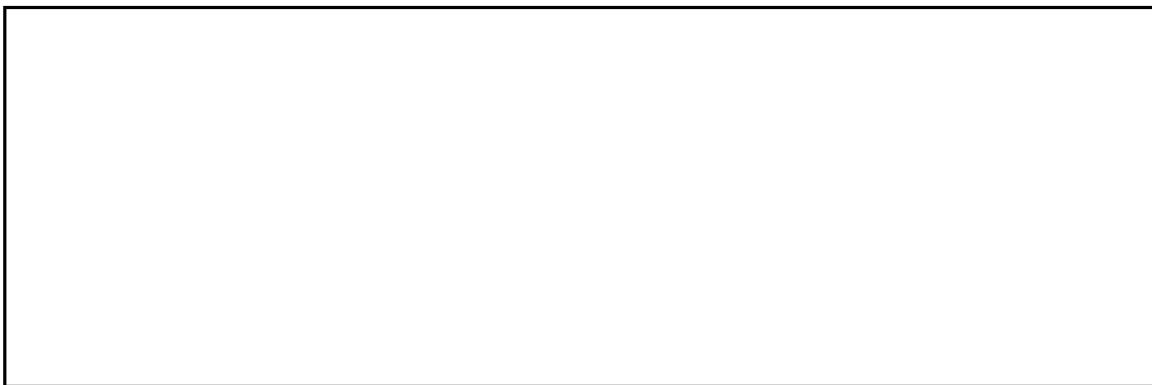
No political force in Thailand exists capable of moderating the activities of these leaders so long as they maintain a united front.

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NEAR EAST - AFRICA

5. Britain suggests agenda for Anglo-Egyptian talks:

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The agenda being suggested by Britain for new Anglo-Egyptian talks in Cairo includes an Allied Middle East Command and Egyptian participation therein, and the organization of the Allied military base necessary to support the Command.

Other topics include the allocation of responsibility for air and land defense of the base, the future of British forces in Egypt, the training and equipping of Egyptian armed forces, facilities for Allied military personnel and equipment to be stationed in Egypt, facilities for moving and garrisoning forces in the event of war, and the supercession of the 1936 treaty.

The Egyptian Prime Minister is to be informed that British Foreign Secretary Eden is giving the Sudan question his "most earnest thought" and hopes to be able to offer suggestions for consideration in the near future.

Comment: It is doubtful that the Egyptians will participate in any talks which do not include the question of the Sudan.

During previous defense talks Egypt was especially hostile to the establishment of a base in Egypt and the stationing of any foreign forces in Egypt before the actual outbreak of hostilities.

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EASTERN EUROPE

6. Greece and Turkey favor military collaboration with Yugoslavia:

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Greek and Turkish officials have agreed upon the desirability of asking the Yugoslavs to enter into secret military staff discussions regarding military coordination in the event of a Soviet attack, according to United States Ambassador McGhee. The Turkish Foreign Minister expressed the belief that an agreement to hold such discussions might develop within the next two or three months, and asked Ambassador McGhee whether the United States would be able to facilitate these talks.

Comment: Although Greece, Turkey, and Yugoslavia have acknowledged the advantages inherent in regional defense arrangements, no formal proposals suggesting staff talks have been extended by either Greece or Turkey to Yugoslavia.

There is no evidence that Yugoslavia intends to abandon its policy of non-adherence to regional defense schemes in the absence of clear signs of Soviet aggression.

WESTERN EUROPE

7. French authorities are against Adenauer's proposed London visit:

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According to US High Commissioner McCloy, French diplomats in Bonn feel that the conditions which the West German Parliament set for continued European Defense negotiations preclude Adenauer's projected London meeting with the Big Three Foreign Ministers.

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In commenting on the results of the German defense debate on 7 and 8 February, McCloy declares that the proceedings represent a limited victory for the Bonn government. However, conditions which accompanied the resolution sanctioning continued European Defense Community negotiations mean increased parliamentary resistance when the whole complex of contractual and Western defense arrangements is brought up for final approval.

Comment: The American and British representatives in Bonn believe that Adenauer's attendance at the London meeting following a one-day tripartite session would be helpful in settling outstanding military and political issues. Furthermore, the exclusion of the West German Chancellor from Allied meetings dealing with Germany's future would provoke an unfavorable response in Germany.

8. Italians fearful of smaller role in Southern European Command:

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The Italian Ambassador in Washington has informed the State Department that Italy wants to retain command of the Southern European land forces, even if Greek and Turkish units are later included in this command. Italy would, however, accept an arrangement providing separate land commanders for Italy, Greece, and Turkey in return for the appointment of an Italian as second in command to Admiral Carney.

The State Department has informed the Ambassador that Greece and Turkey will not accept an Italian general to command their land forces and that approval for the appointment of an Italian deputy for Admiral Carney is doubtful.

Comment: Italy has strongly supported the inclusion of Greece and Turkey in NATO. Italy considers itself the most important strategic area in the Mediterranean, with Greece and Turkey as logical adjuncts for its defense. The proposal to place the Greek and Turkish commands on an equal footing with the Italian might raise doubts in Italy as to the strategic importance attributed to it by the United States.